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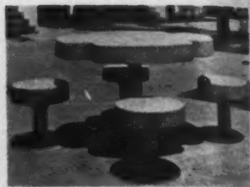

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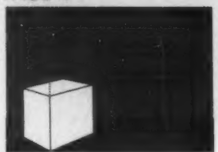

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PAGE 4: The Metropolitan Dade County (Florida) Department of Housing and Urban Development, known locally as "Metro's Little HUD," uses HUD programs in many ways throughout the 27 municipalities in the County. This article tells some of the keys for using HUD programs to best advantage.

PAGE 8: Kukui Gardens, the 20-acre showplace of successful urban renewal housing in Honolulu, Hawaii, was a depressed inner city area 10 years ago. Today, it is the home of 822 families; many lived in the area before renewal.

PAGE 14: After three years of participating in the Federal Assistance Review (FAR), HUD is reviewing its contribution to the mission of streamlining the machinery of Federal aid.

PAGE 27: Resulting from a combination of citizen efforts and concern, HUD programs, and the work of the Denver Urban Renewal Authority, a new downtown for the Queen City is well on its way toward completion.

NEXT MONTH:
Success stories on the use of modular housing and the acceptance of condominium and cooperative concepts of multifamily homeownership; articles on HUD's experience and experimentation with housing allowances; and a look at the massive problem of housing abandonment.

COVER: The Kukui Gardens urban renewal housing project in Honolulu, Hawaii, was the recipient of several awards for design when it was completed two years ago. Today the palms grow high in the inner courtyards, and the waiting list contains 3,000 names.

looking ahead

Maximum Allowable Settlement Costs

In an effort to lower the cost of buying single-family homes, HUD and the Veterans Administration will issue maximum allowable costs for items included in settlement fees on HUD-insured and VA-guaranteed houses. If charges exceed any of the maximums set, the agencies announced that they will not provide government insurance or guarantee. In testimony before the Housing Subcommittee of the House Banking and Currency Committee, Secretary Romney explained that maximums would be established for each identifiable housing market area, printed in the *Federal Register* for comment, then issued to each field office of HUD and the VA. These figures would be reviewed regularly. The maximum allowable limits will cover all settlement cost items paid by both the buyer and seller, except loan discount payments (mortgage points) and costs fixed by State and local statutes.

Recycling Waste Water

A reclamation project at Lancaster, Calif., is converting waste water to beneficial use. Following four years of research, Los Angeles County built a tertiary process sewage treatment plant. Its effluent now supports three artificial lakes in the desert that are part of a new County park to be used for boating and fishing. Eventually, the plant expects to reclaim 13.5 million gallons per day for recreation, industry, and reclamation of desert lands for agriculture.

New Registry of Spanish-Speaking Housing Specialists

A registry of Spanish-speaking businessmen and professionals in the field of housing and urban development will be prepared with the assistance of a $151,000 HUD contract. Operation Service, Employment, and Redevelopment (SER), a nonprofit service organization, will conduct surveys in 29 cities having a substantial Spanish-speaking population in order to identify and gather information on business and professional men and women involved in all areas of housing and urban development. George J. Roybal, HUD Coordinator for the Spanish Speaking, helped to coordinate the project as one of the first major activities in his newly created post. His work will involve the use of HUD programs to help solve the special housing and economic problems of the Spanish-speaking people.

Bank Board Approves Conversion

For the first time since 1963, the Federal Home Loan Bank Board has approved the conversion of a Federal savings and loan association to a stock corporation. The Citizens Federal Savings and Loan Association of San Francisco will become a State chartered stock association as a test case and guide to future actions. Stock representing the net worth of the Association will be issued without charge to savers. Among the conditions involved in approval of the conversion were a restriction on dividends on stock, a restriction on stock option plans, and procedures concerning purchases of stock by officers and directors during conversion. Citizens has assets of more than $560 million and more than 85,000 account holders will participate in the stock distribution.

Study of Communications in Nonmetro Development

To explore how communications techniques can improve the economy and quality of small town life in a rural setting, HUD has awarded a $361,000 contract for a regional development study in a 10-town area in Northeast Connecticut. The study will evaluate the impact of telecommunications on future land use patterns, including the linking of urban business, government, education, and health facilities with rural counterparts. The contract was signed with Fairfield University of Fairfield, Conn., which will coordinate its efforts with the Windham Regional Planning Agency serving the area. The project will be directed by Dr. Peter C. Goldmark, Research Professor of Communications at Fairfield and recently retired president of the Columbia Broadcasting System Research Laboratories.

Airport Noise Control Through Embarrassment

Recent developments in noise control around airports indicate that solutions need not be expensive or highly technical, the *Chicago Tribune* reports. One method promoted by the State of Illinois in soon-to-be-issued proposed regulations places the responsibility for noise control on airport operators. The concept is based on successful efforts at the Zurich, Switzerland Kloten airport that began five years ago. At that time the airport installed a network of microphones at strategic locations to monitor and record the noise levels of incoming and outgoing planes. The pilots of excessively noisy planes and their airlines were identified in a monthly bulletin distributed to all the airlines.

Formula for Using HUD Programs

Editor's Note: Dade County extends 50 miles along the Atlantic coastline of Florida. It encompasses Miami, Miami Beach, and 25 other municipalities. These have populations ranging from 351,000 residents to 16 voters. The 1970 census counted 1,267,792 residents, making Dade the most populous County in the State of Florida. Dade County's population is larger than that of 16 States. Population growth since 1960 indicates a movement to the suburbs, and today more than half of the residents live in unincorporated areas. Dade County's Cuban refugee population in June 1960 was 7,000. In 1970 there were 215,000 Cubans in the County; the black population is slightly less.

Dade County, Florida's most populous area, has embarked on public housing and renewal programs that affect the lives of 190,000 of its citizens and use more than $50 million annually in Federal funds. In 1967, the public housing, urban renewal, and housing code enforcement functions of three separate agencies were consolidated into one department of the County government–the Dade County Department of Housing and Urban Development. The local press dubbed the new agency, "Metro's Little HUD," because of its similarity to HUD in Washington.

Since then more publicly assisted housing has been built in Dade County, for low- and moderate-income families than in the previous 34 years. Dade County has 6,000 public housing units in management, accommodating 29,000 residents. An additional 1,257 public housing units are under construction; and 2,500 units are in development. Within the Neighborhood Development Program (NDP) areas, 331 units of moderate-income housing have been built by private developers. Another 168 units are under construction; 492 homeownership units are out for bid. Parcels for 1,000 more units soon will be marketed.

Dade County's metropolitan form of government and its geographic spread of over 2,500 square miles permits Little HUD to program activities beyond the boundaries of Miami's inner city where the original renewal project started in 1964. This has permitted redevelopment, land marketing, and new housing construction for eight widely separated communities under NDP.

LEFT: Metropolitan Dade County (Fla.) Department of Housing and Urban Development, commonly called "Little HUD," uses both conventional stick construction and modular methods.

RIGHT: In Dade County, the largest Turnkey III program in the country—328 units—is being constructed on three scattered sites. The homes are concrete modular cubes manufactured in a Miami factory.

Seeking Neighborhood Participation

To Melvin J. Adams, Director of Little HUD, the formula for the successful programs combines diversified construction activity, citizen participation, and local initiative with Federal Government programs.

"It is not enough to design and build housing in neighborhoods," Adams believes. "We must design and build housing with the participation of the people in the neighborhoods." This must involve more than advice on the design and the amenities of the housing. Residents of the renewal neighborhoods, as well as minority investors, contractors, businessmen, professionals, and construction workers, must be encouraged to participate in all housing developments to the maximum extent possible.

For example, selection criteria are designed in Dade County to encourage participation of developers who include a neighborhood nonprofit housing corporation as a part of their team. In cooperation with this participatory approach, one municipality has officially requested 100 units of public housing, and has expressed the hope that the low-income units can be integrated through creation of a cooperative with the moderate-income housing planned for the area. Through the Leasing Program (Section 23) each cooperative will have a mix of low- and moderate-income families.

The low-income family will pay the same percentage of its income for rent as in a public housing project. Little HUD will make up the difference between this figure and the going rate charged by the cooperative.

This type of housing arrangement has many unique advantages. Low-income families are not specifically identified. All families, low-income or not, will elect the Board of Directors of the cooperative, and all are eligible to serve. It is especially important that if a family's income rises above the public housing limits, the family does not have to move, but simply pays the full rent.

Little HUD has scattered low-rise, low-density, well designed public housing developments from Carol City on the County's northern edge to Naranja, 40 miles south, affording low-income families a maximum choice of housing opportunities.

Turnkey III

In addition, on three widely scattered sites, Metro HUD is building the largest Turnkey III low-income homeownership program in the United States, the first in Florida, with 328 townhouse units. The attractive homes are manufactured concrete modular cubes. Units are simply lifted off the transporting truck by a crane and set into place. The first site with 27 units was occupied in November 1971. The other sites, which will have their own community centers, should be completed and ready for occupancy by June 1972.

Metro HUD, through private contractual arrangements, and local residents are setting up a home buyer training program as an integral part of the Turnkey III homeownership program.

LEFT: Since the NDP Rehabilitation program began in Dade County in 1969, 640 property owners have received Federal rehabilitation loans and grants.
RIGHT: The Three Towers project, which provides 391 units for the elderly, was the largest leased project undertaken by the County when completed in mid-1971.
BELOW: Although Little HUD has built more publicly assisted housing since it was formed in 1967 than was built in Dade County in the preceding 34 years, the struggle for housing and better neighborhoods continues under new State and local programs.

Instruction is being offered in household budgeting, consumer economics, employment, home maintenance, nutrition, youth activities, and other aspects, which help lead to a more independent way of life.

A home buyers' association is being formed, with at least one adult member from each family participating in the program. In essence, the association will become the vehicle for all collective action within the Turnkey III community. The home buyers' association in cooperation with Metro HUD will ultimately become responsible for community welfare, establishing regulations and guidelines to insure a proper approach to solving community problems, and planning cultural and social events. The association will in time be able to assume additional responsibilities in the community, such as care of the common grounds, recommendations of corrective action in cases involving the community well-being, and future tenant selection.

Tenant/Management Relations

Director Adams is making additional efforts to involve tenants in housing management decisions. Recently, Little HUD and the Larchmont-Little River Tenant Council, Inc., signed a Memorandum of Agreement, which provides for improved communications between both parties, the assumption of certain maintenance functions by the tenant organization, and the operation of the laundromat in the project by the tenant organization. Little HUD also made funds avail-

able for use by the tenant council. The Memorandum of Agreement is the first in Florida and will set the pattern for other tenant councils in Dade County.

In November 1971 Little HUD approved a grievance procedure. The action gives public housing residents an opportunity for a hearing before an impartial panel on any grievance. The panel will consist of two tenants, two HUD employees or representatives, and one outside party.

The seven-member HUD Advisory Board to the Board of County Commissioners is being expanded to include two public housing residents. This is another positive indication that local leadership welcomes tenant participation. "Our basic purpose," Adams explained, "is to make housing developments more livable by giving tenants more of a stake in matters that directly concern them."

With $6.2 million in modernization funds from the Federal Government, three of this community's earliest family housing projects are being renovated. These projects were built by the Miami Housing Authority, one of the first authorities in the Nation, created in 1937. A new family health center, educational day care center, management-maintenance building, and community building are some of the new structures and new services going up. An entirely new underground system for utility lines, sanitary sewers, water and gas lines has been installed at one project. Apartments in all three projects are receiving new stoves, refrigerators, doors, and bath fixtures.

Task Force Organized

In 1968, Dade County undertook a comprehensive study to identify and deal with its housing needs. The study, sponsored by HUD, projected the need over the next 15 years for the County to build 20,100 more housing units per year for all income levels.

In 1970 under the leadership of the Miami Coalition and the Miami Chamber of Commerce, representatives of 17 civic organizations responded to the study by forming a Housing Task Force. This was an unprecedented display of community concern. After more than 600 hours of deliberation, the Task Force presented seven recommendations to the Dade County Board of Commissioners for approval. Five of the seven have been approved, and the others have been placed on the agenda.

Dade County has adopted local housing goals and has set suitable neighborhood environmental criteria for the location of subsidized housing. The County Commission has budgeted local funds for a housing expediter. It has budgeted $1 million from local funds for the acquisition of land for low- and moderate-income housing–a land bank. The Commission has designated Metro HUD as its land acquisition agency.

The Board of Dade County Commissioners has also adopted these recommendations: that the County give priority to water and sewer service in already developed and newly developed areas that include subsidized housing; that the County appropriate substantially larger sums for supportive facilities for subsidized housing; that the County evaluate the application of new Federal and potential State revenue program for the accomplishment of the housing goals. Two other recommendations, concerning zoning, are under study by the Dade County Planning Department.

Despite the construction boom of the past decade, innovative leasing and subsidy programs, and community concern, the need for housing of all types remains critical; and nowhere is it felt more than at the low-income level among black, white, Cuban, and Puerto Rican groups.

Dade County has considered these problems and has set its own housing goals–in effect, to put into action on a local level its share of the national housing goals. This South Florida community has and will continue to exert local initiative and leadership in helping to meet its housing needs. But, if the housing needs are to be met in a meaningful manner, the Federal Government has an important partnership role to continue.

Kukui Gardens: Hawaiian Success Story

Ask almost anyone living in Honolulu how you get to Kukui Gardens and chances are he can wave you in the right direction. This instant identification of Kukui Gardens has to do with its size, central location, and outstanding reputation. The 822-unit, low-income housing project stretches out over four city blocks in downtown Honolulu. You can come upon the Gardens from any of five major streets–King, Beretania, Vineyard, Liliha, or from College Walk.

Honolulu residents remember when this 20-acre showplace was the old inner city Kukui depressed area. At that time–10 years ago–it was the first area in the city to be condemned under the city's urban renewal program, the 5,000 families living there had to relocate.

Today, many of those same families are back living at Kukui Gardens and there is plenty of open space and playgrounds for their children. Another 3,000 families on a waiting list are hoping to move in when space is available.

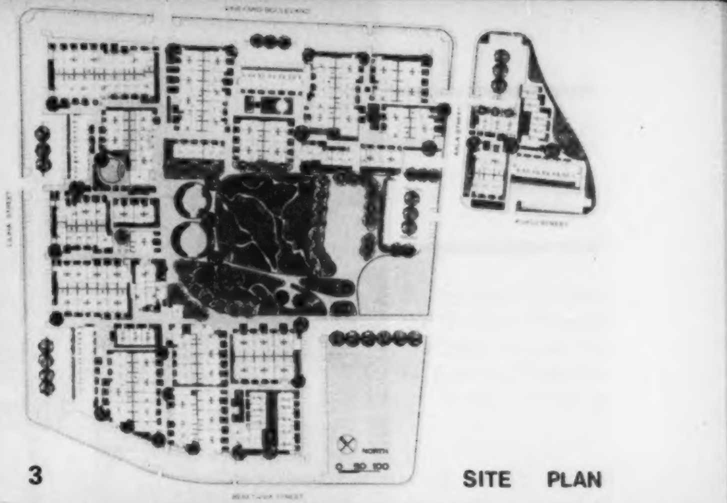
Award Winning Project

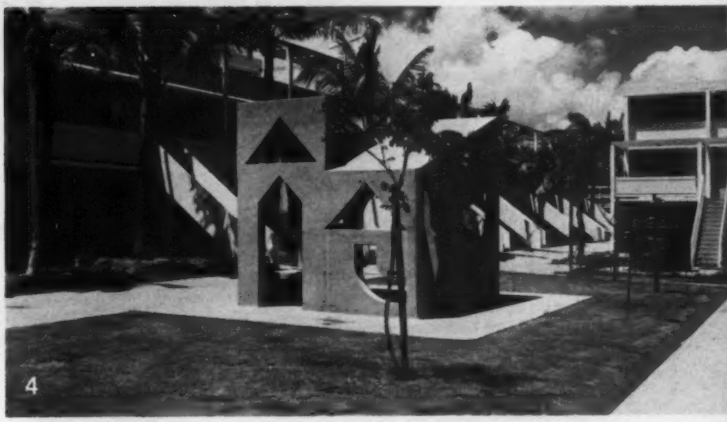
Kukui Gardens' recognition for excellence extends far beyond the shores of Hawaii. Last year, the project won a number of national awards for planning and design in competition with similar projects throughout the U.S. An Honor Award was bestowed by The American Institute of Architects. Another First Honors Award came from *House & Home* and *The American Home* magazines and a Special Award from *Sunset Magazine*. Other honors received last year included an Award of Merit from the National Center for Low & Moderate Income Housing, the National Urban Coalition, and the Urban Design and Development Corporation. Still another Award of Merit for Low & Moderate Income Housing came from the Society of American Registered Architects.

"Kukui Gardens," says Alvin K.H. Pang, Director of the Hawaii HUD-FHA Insuring Office, which underwrote the project, "is a success."

First Tenants

Among the 822 families living at Kukui Gardens are the Richard Parks, who used to live in the Kukui area and had to move away during its development years. The Parks were honored at the official opening of the Gardens as one of the





1. Kukui Gardens, winner of two national awards for design excellence, provides homes for 822 Honolulu families.

2. At opening day ceremonies, Hawaii's Governor John A. Burns (right) presents ceremonial keys to Mr. and Mrs. Richard Parks, one of the first families to move into the project. Clarence T.C. Ching (center), Honolulu businessman and developer, lent his personal and financial support to help the project meet HUD/FHA requirements.

3. Spread out over four city blocks, the 20-acre project has provided a "face-lifting" for the formerly depressed downtown area.

4. Playgrounds and open space in the Garden's center, give a spacious and airy atmosphere fitting the Hawaiian climate. A child care center is also included.

two first families to move in. They were presented the keys to their apartment by Hawaii's Governor John A. Burns, and Honolulu developer Clarence T.C. Ching. When Mr. and Mrs. Simplicio Veto, the other tenants being honored, received their keys, Mr. Veto happily kissed the shiny key to his new apartment.

The Parks and Vetos were chosen as the "first families" invited to move into Kukui Gardens because they had been displaced by the original urban renewal action 10 years before. They and all other former residents that could be located were sought out and told that they had a priority claim for an apartment at Kukui Gardens if they needed and wanted to live there.

They had to meet the major qualification, however, for all families living in federally financed subsidized housing—income limitation. Amounts vary according to locality. In Honolulu, a high cost area, the income limitations are as follows: A single person's income cannot exceed \$8,100; two people, \$9,850; three, \$11,600; four, \$11,600; five \$13,350; six, \$13,350 and seven and more \$15,100.

The Parks, with their four children, pay \$146 a month for their four-bedroom, two-bath apartment, including all utilities except telephone. The Vetos, with no children, have a single bedroom, one-bath unit for which they pay \$84, including utilities except telephone.

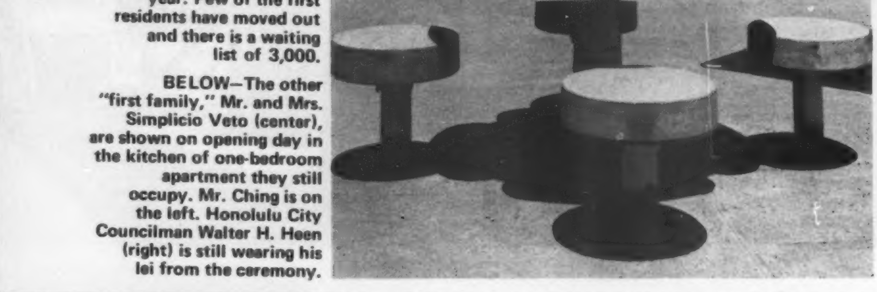
The HUD-FHA Role

HUD-FHA first entered the Kukui Gardens development program in 1966. By that time, the Honolulu Redevelopment Agency (HRA) had already acquired and cleared the 20-acre Kukui site. The next step was to find a developer who would meet the HRA requirement to develop and operate a low-and moderate-income project of not less than 800 apartments on the land. At that time, the estimated cost was approximately \$15 million. Clarence T.C. Ching, a well-established Honolulu businessman, became the developer when he was able to get a loan of \$590,000 at prime rates from the Bank of Hawaii on the strength of his personal guaranty.

The role of HUD-FHA was that of insurer of the mortgage under the Rental and Cooperative Housing for Low and Moderate-Income Families pro-

RIGHT—Well-kept grounds and good management have enhanced the beauty and livability of Kukui Gardens, now in its second year. Few of the first residents have moved out and there is a waiting list of 3,000.

BELOW—The other "first family," Mr. and Mrs. Simplicio Veto (center), are shown on opening day in the kitchen of one-bedroom apartment they still occupy. Mr. Ching is on the left. Honolulu City Councilman Walter H. Heen (right) is still wearing his lei from the ceremony.



gram (Section 221(d)(3)). FHA could insure a maximum mortgage amount as high as 100 percent to an acceptable nonprofit sponsor. Mortgage funds were provided as a direct Government loan at a below market interest rate. Repayment could be extended over a period of 40 years.

Throughout the 40-year life of the mortgage, all HRA contracts and arrangements or those of the nonprofit sponsor are subject to HUD-FHA approval. The Department's responsibilities are carried out by the local insuring office in Honolulu, located near the project.

To meet the HUD-FHA requirement for a nonprofit sponsor, Mr. Ching helped set up the Ching Foundation with 15 prominent local personalities on the board of directors. Five members, including Mr. Ching, are businessmen. The remaining 10 members are from the Board of Regents of Chaminade College and the Board of Lay Advisors of St. Francis Hospital.

The college and hospital are established as beneficiaries of the project when the mortgage is paid off and profits can begin to accumulate. They are also named as beneficiaries in case of dissolution of the Foundation before the mortgage is paid.

At the opening ceremonies, Governor Burns called the Kukui project "an outstanding example of how human needs can be met through Government action, followed by private initiative, energy, and know-how." City, State, and Federal officials say that the Kukui experience has paved the way for an accelerated development of housing.

editor's notebook

The assessed valuation of 1,478 conventional and Neighborhood Development Program renewal projects, in which construction is underway or completed, is expected to reach $7.6 billion, according to HUD's Office of Community Development. This would be a 270% increase over the assessed valuation of $2.1 billion before renewal. This estimated increase takes into account a reduction in taxable area from 78% to 61% to allow for additional public uses. Stated in terms of taxable acres, the increase in assessed valuation is expected to be 370%—from $46,700 per acre before renewal to $220,900 after renewal.

Assistant Secretary for Research and Technology Harold B. Finger led a delegation of HUD officials in conducting a **seminar on industrialized housing** at the New School for Social Research in New York City. The first course of its kind, it was given February 8-March 30, at the Schools's Center for New York City Affairs.

HUD has authorized **cash bonus payments** of up to $300 to real estate brokers selling HUD-acquired properties designated as hard-to-sell. Authorization for payment of bonuses is made by the local HUD office director.

Under a new program, HUD-approved **counseling agencies** in 15 areas can now receive fees up to $100 per applicant. The counseling must include finance, housing selection, purchase procedures, property maintenance, home management, referral and occupancy follow-up.

The Census Bureau reports that the **value of residential building** jumped 32% in 1971 over 1970. Total new construction expenditures rose 15% from $94.3 billion in 1970 to $108.6 billion in 1971. Private construction was up 19% to $78.8 billion, and public construction was up 6% to $29.8 billion. Residential building was up 32% from $31.7 billion to $42.1 billion. One-unit structures rose 49% from $14.8 billion to $22.1 billion, while structures of two or more units were up 29% from $9.3 billion to $12 billion.

Theodore R. Robb, Regional Administrator, Philadelphia, and **S. William Green,** Regional Administrator, New York, have been named chairmen of their respective Federal Regional Councils. The Councils are composed of the directors of seven Federal agencies and were established three years ago to coordinate Federal grant programs with recipient State and local governments.

Mary Pinkard has been appointed by Secretary Romney to the position of Coordinator of the Women's Program of HUD. She served unofficially in the capacity over the past year while she was Director of Assisted Programs, Standards, and Analysis Division of HUD's Office of Equal Opportunity.

George K. Bernstein, Administrator of HUD's Federal Insurance Administration, is now also Administrator of the Interstate Land Sales Regulation Program.

Alfred A. Perry, director of Operation BREAKTHROUGH, has been detailed to the President's Advisory Council on Management Improvement.

Harry T. Morley has been appointed Acting Assistant Secretary for Administration. He will replace Vincent J. Hearing, who had been acting in that capacity and who will return to his position of Deputy Assistant Secretary.

Norman L. Linton was appointed Deputy Director of Personnel to succeed James C. Curvey, who became Director of Personnel last September.

Osborne S.P. Koerner is the new Director of Office of General Services for HUD. He succeeds Richard D. Althaus, who retired last December; Koerner was formerly Deputy Director.

Elmer E. Smith, formerly Director of the HUD Area Office in St. Louis, was appointed Administrator of the Regional Office in Kansas City, Mo.

Charles G. Haynes has been appointed to the new post of HUD Inspector General. With the creation of the Inspector General's Office, the auditing and inspection functions of the Department will be combined under Haynes, who will serve directly under Secretary Romney.

Information on **HUD participation in disaster relief** activities shows that since Hurricane *Camille,* HUD has aided in the relief of 10 disasters, two this fiscal year; over $40 million has been obligated by HUD including $2.6 million in FY72; and reimbursements from the Office of Emergency Preparedness have amounted to $38.1 million, leaving only $1.9 million of HUD funds tied up in disaster obligations—the lowest level since HUD started to use program funds for disaster relief activities.

HUD Participation at NAHB, Houston

Throughout the year HUD participates in the national meetings of many associations and professional organizations to explain HUD goals and methods to the American public. One of these major conventions is that of the National Association of Home Builders in January in Houston, Texas. HUD is represented by Secretary Romney to explain HUD's viewpoint, provides a booth with films and slides explaining Operation BREAKTHROUGH and housing production goals, and furnishes literature and personnel to answer questions. HUD sends Assistant Secretaries when requested by NAHB to discuss plans and problems with the home builders. HUD sends program personnel to pass along information on procedures and standardized forms to potential program participants. Each of these people has an important role to carry out for both the home builders and for HUD—the mutual exchange of information. Pictured on these pages are some of the HUD participants at the convention.


HUD Secretary George Romney


Asst. Sec. for Equal Opportunity Samuel J. Simmons


Asst. Sec. for Housing Production and Mortgage Credit—FHA Commissioner Eugene A. Gulledge


Asst. Sec. for Research and Technology Harold B. Finger


Asst. Sec. for Housing Management Norman V. Watson


GNMA President Woodward Kingman

Deputy Asst. Sec. for Housing Management G. Richard Dunnells

Asst. FHA Commissioner for Unsubsidized Insured Housing Programs T.M. Alexander

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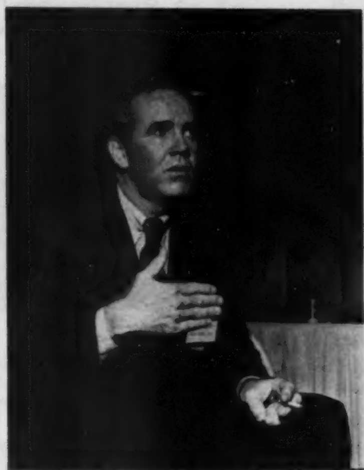
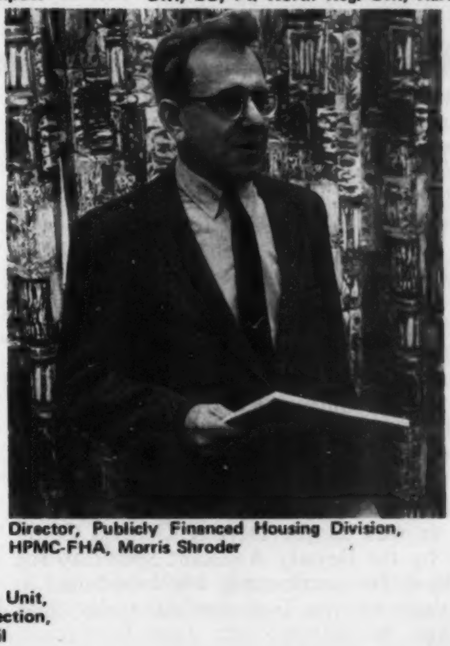


Asst. FHA Commissioner for Rehabilitation Robert E. Philpott

Dir., Title VI Complaint and Compliance Review Div., EO, Ft. Worth Reg. Off., Harold A. Odom.

Acting Director, Building Technology and Certification Division, R&T, Orville G. Lee

Chief, Operations Unit, Home Mortgage Section, OGC, John P. Witsil



Director, Publicly Financed Housing Division, HPMC-FHA, Morris Shroder

REPORT ON FAR

HUD is now completing its third year of participation in the Federal Assistance Review—known as "FAR." This acronym is appropriate because the interagency Federal Assistance Review, initiated by President Nixon three years ago, is a far-reaching effort to increase the impact of some $33 billion the Federal Government is currently spending to help the States and local communities meet the needs of their people.

In his statement of March 27, 1969, on the Restructure of Government Service Systems, the President made it clear, "By rationalizing, coordinating, and decentralizing the systems through which government provides important social and economic services, we can begin at last to realize the hopes and dreams of those who created them."

The specific mission of FAR in support of that general objective was to streamline the machinery of Federal aid, speed up its operation, cut its needless cost, and perfect its delivery of services to States and local governments, universities, hospitals, and other grass-roots organizations. HUD's commitment to the accomplishment of that mission shows in all its activities in ongoing program management improvement efforts for which HUD's FAR Program has served as both a catalyst and focal point.

Since being set in motion by the President three years ago, the FAR program has been conducted by the agencies of the Domestic Council and the Office of Management and Budget. The Civil Service Commission, General Services Administration, and the Office of Intergovernmental Affairs also participate. FAR efforts are coordinated by an Interdepartmental Steering Group on which all participating agencies are represented.

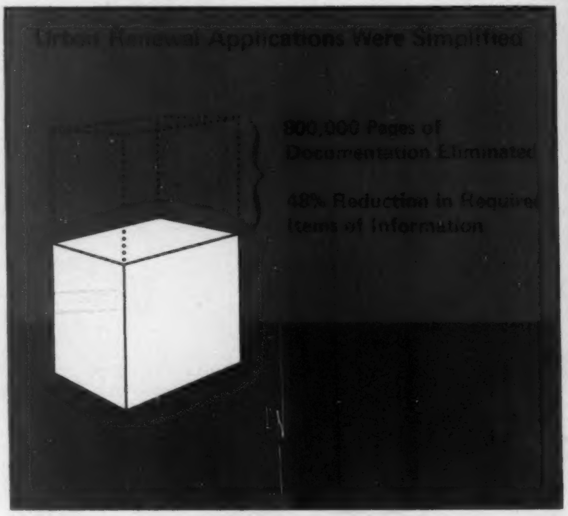
Also, since the inception of the FAR effort, there has been within the Department a HUD Steering Group composed of all Deputy Assistant Secretaries as well as the Deputy General Counsel, chaired by the Deputy Assistant Secretary for Administration. Its membership was broadened in the third year by the inclusion of three field representatives.

HUD's involvement in the FAR effort over the last three years has reflected the evolution of the Department's internal organization, and each year's activity has had a distinctive character influenced by the concurrent stage of that organization.

First Year of FAR

In the first year, primary emphasis was on process charting, program simplification, and cutting red tape. Six major programs were selected for attention: Urban Renewal, Water and Sewer, Low Rent Public Housing (both Turnkey and conventional), Open Space, Subsidized Housing (Section 236), and Model Cities.

A separate task force of program and management personnel studied each of these program areas. As a result, documentation for an urban



renewal application was cut by 50 percent, and 40 percent of the processing steps related to a program application were eliminated. These procedural improvements have been incorporated into its application requirements. Similar improvements have also been adopted in other program areas.

Second Year

In the second year, most of the HUD programs not studied during the first year were reviewed by combined program/management teams; but HUD's major effort was directed toward decentralization and greater reliance on State and local governments. Secretary Romney's conviction that "... the processes of community development cannot be managed effectively by remote Federal officials—no matter how close we try to get them to the problem areas" led him to initiate a major overhaul of the Department's

HUD DECENTRALIZATION: LEVELS OF AUTHORITY FOR BASIC PROGRAM APPROVALS

JAN. 1969

HEADQUARTERS

R & D GRANTS
NEW COMMUNITIES
RIOT, FLOOD, & CRIME INSURANCE
MODEL CITIES
COMMUNITY DEVELOPMENT TRAINING
URBAN RENEWAL
PUBLIC HOUSING
COLLEGE HOUSING
COMPREHENSIVE PLANNING
WATER & SEWER
NEIGHBORHOOD FACILITIES
OPEN-SPACE & URBAN BEAUTIFICATION
PUBLIC FACILITY LOANS

REGIONAL OFFICE

REHAB LOANS
WORKABLE PROGRAM
RELOCATION CERTIFICATIONS
FHA ASSISTED HOUSING

INSURING OFFICE

FHA MORTGAGE INSURANCE

OCT. 1971

HEADQUARTERS

R & D GRANTS
NEW COMMUNITIES
RIOT, FLOOD, & CRIME INSURANCE

REGIONAL OFFICE

MODEL CITIES
COMMUNITY DEVELOPMENT TRAINING

AREA (OR INSURING*) OFFICE

URBAN RENEWAL
PUBLIC HOUSING
COLLEGE HOUSING
COMPREHENSIVE PLANNING
WATER & SEWER
NEIGHBORHOOD FACILITIES
OPEN-SPACE & URBAN BEAUTIFICATION
PUBLIC FACILITY LOANS
REHAB LOANS
WOKABLE PROGRAM
RELOCATION CERTIFICATIONS
*FHA ASSISTED HOUSING
*FHA MORTGAGE INSURANCE

organizational structure. Its basic objective was to decentralize decision-making responsibility by delegating to officials at the local level the authority and the flexibility they need to apply local solutions to local problems.

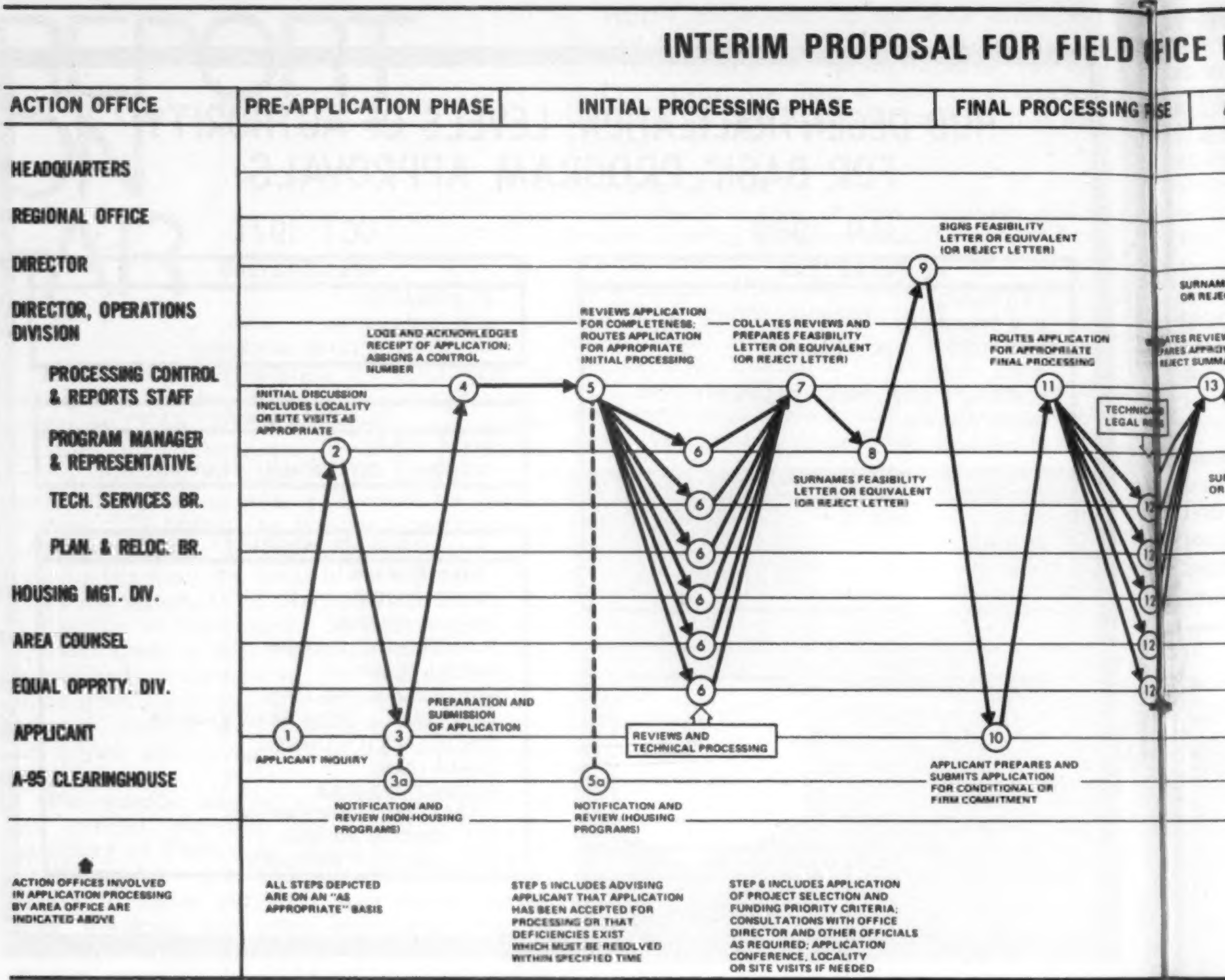
An important first step toward accomplishing that objective had already been prescribed by the President when he directed HUD and four other domestic agencies with related responsibilities to adopt uniform regional boundaries and regional office locations in 10 designated cities. New HUD Regional Offices were established in Boston (Region I), Kansas City (Region VII), Denver (Region VIII), and Seattle (Region X).

Decentralization was further advanced by the opening in September 1970 of 23 new HUD Area Offices and the corresponding shift of both personnel and program authority to the field. Final approval authority for over 90 percent of HUD program funds is now delegated to HUD officials in the field.

It is interesting to note that there are presently over 2,000 more HUD positions in the field than there were in March 1969, some as a result of shifts within the Department and others established on the basis of new appropriations. Equally significant is the fact that over 50 percent of all top level employees in GS grades 14 and 15 are now in the field, as well as more than 20 percent of those in Supergrades 16 through 18. This focus on personnel decentralization has been given even greater emphasis by implementing the Manpower Management Review.

Third Year

In the third year, the second phase of the regional realignment for decentralization was completed with the opening of 16 more HUD



Area Offices in September 1971. It then became apparent that there was a need for an intensive analysis of the correlation between program procedures and operations under the new organizational structure. Each program Assistant Secretary then appointed a Program Improvement Team, headed by his Deputy to review existing procedures and recommend improvements in each program area.

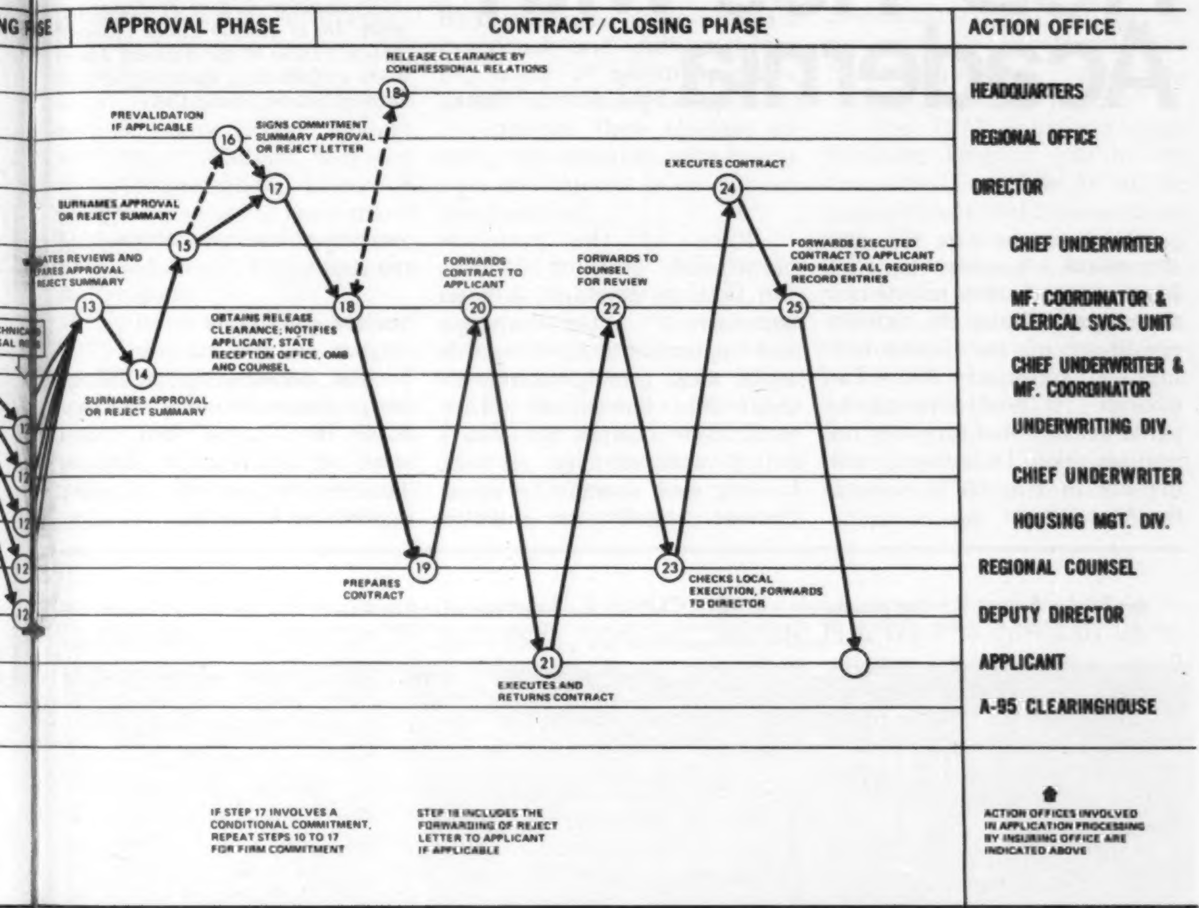
Model Developed

A Department-wide effort was also launched to develop a "processing model" for use throughout the field offices. This model provides a pattern and framework to which all processing procedures established by the program areas must generally conform. The special team responsible for development of the model first surveyed all existing processing instructions issued by Regional and Area Offices. Next, the team members visited the San Francisco Regional and Area Offices to determine whether or not the initial steps in the processing of different programs were sufficiently similar to permit the development of a single model.

The team concluded that, despite traditional differences in terminology and program requirements, a basic framework could be developed. Following development of a draft chart, a two-day conference was held at the Seattle Regional and Area Offices to discuss the chart and test the validity of the proposal.

Considerable refinement of the proposal followed, and the model was then presented to the Secretary's Policy Committee. Although discussion at that meeting indicated a need for further refinement, Secretary Romney directed Departmental clearance to proceed without delay.

D [F]ICE PROCESSING PROCEDURES*



**Does not apply to Single-Family Mortgage Insurance processing.*

He commented, "The model... provides a basic track for all programs while, at the same time, giving due recognition to the diversity of program requirements."

Departmental clearance began early in December 1971, and the model was discussed at the monthly Regional Administrators' regular meeting. They unanimously endorsed the basic principle underlying the model and offered many useful suggestions.

Under Secretary Van Dusen expressed concern that the model "be truly useful for field office purposes." Accordingly, Area and Insuring Office comments were consolidated by each Region and taken into consideration before publication of a field office processing handbook which, it is hoped, will eventually include a basic outline or "road map" for processing input in the field offices.

One of the most important features of the processing model is its potential contribution to the simplification and consistency of the input to and output from the Department's various data systems. It also has a significant potential for reducing the current proliferation of data systems and gathering of statistics.

The Department's third year FAR report will cover all of the improvements which have been made throughout the Department including the work of the Program Improvement Teams. As the third year of HUD participation in the Federal Assistance Review draws to a close, it becomes increasingly evident that the Departmental FAR program has been an extremely worthwhile effort which has produced substantial results fully consistent with both the Secretary's objectives for the Department itself and the President's mandate.

HUD Ties with Academia

By J. David Palmer

Dr. Palmer, an Associate Professor of Political Science at Georgia State University, helped to coordinate the 1971 Summer College Professor program. He is a HUD Public Administration Fellow of the National Association of Schools of Public Affairs and Administration (NASPAA).

To strengthen its ties with the world of academics, HUD hires college faculty members in the summer under the mobility provisions of the Intergovernmental Personnel Act. Last summer 10 professors participated in the initial program; this summer the Department also expects to hire 10 to work in the Area Offices.

Nine of the professors participating in the 1971 summer program developed a better appreciation of the challenges and opportunities for service in HUD, while gaining valuable insights into bureaucracy. They returned to campus life with a better understanding of how housing and community development programs are initiated and implemented throughout the country.

Variety of Projects

The projects completed by the professors working last year in HUD's Central Office and seven of HUD's 10 Regions illustrate the variety of work experiences available.

- **Prof. Jesus R. Provencio** of the University of Texas at El Paso recommended improvements in HUD's Regional Administrator's Management Information System (RAMIS). He also completed a computer system to list Region VI's (Fort Worth) approved and pending projects for drought counties in Texas, Oklahoma, and New Mexico.

- **Prof. Arthur L. Campa, Jr.**, of the University of Colorado set up three 10-week courses in beginning Spanish and one in intermediate Spanish designed to give personnel in Region VIII (Denver) a conversational knowledge of the language. He supplemented his teaching with records and films.

- **Dr. William M. Knapp** of Southern University in New Orleans developed three-day training courses in supervision and management for Region V (Chicago).

- **Dr. Charles E. Johnson** of Harvard University researched problems and procedures for implementing the National Environmental Policy Act in Region I (Boston).

- **Prof. Eddie L. Collins, Jr.**, of the Atlanta University Center (Clark College) developed training materials and conducted lectures and discussions on equal opportunity for new Area Office personnel in Region IV (Atlanta).

- **Prof. Cherie A. Gaines** of the University of San Francisco served HUD as Equal Opportunity Task Force Coordinator, guiding the work of eight professors in handling a backlog of equal opportunity legal cases in Region IX (San Francisco).

- **Dr. Autrey B. Johnson** of Southern University at Baton Rouge provided personal counseling, studied employee attitudes, and developed a model framework for an employee development training program for the Washington, D.C., office of the Assistant Commissioner-Comptroller.

- **Prof. Marshall Anderson** of South Dakota State University reviewed and analyzed reports related to transportation planning and prepared materials for establishing a course in urban planning at his university, while working in Central Office's Transportation, Environmental, and Urban Design Branch.

- The third faculty member assigned to Washington, **Prof. Vivian W. McGee,** formerly from Morris Brown College and now working for Morgan State College, worked in the Office of Audit in developing a career development inventory record, drafted a recruiting brochure for use in hiring auditors, analyzed training course evaluations, and made recommendations for improving the Urban Intern Program.

Evaluation and Plans

A two-day Washington, D.C. conference in late August 1971 gave the educators an opportunity to talk with various program managers, learn more about HUD activities, and meet with Secretary George Romney and former Assistant Secretary for Administration Lester P. Condon. Each participant shared his experiences and made recommendations for improving the program.

Educators for the summer 1972 program will be assigned specific responsibilities depending on their interests, experience, and educational background. Because of personnel ceilings, all assignments will probably be to Area Offices. The emphasis in recruiting for 1972 will be on faculty from predominately minority schools. HUD is seeking professors with experience and skills matching the needs of specific projects, faculty with strong commitment to continue their teaching careers, and educators with experience and interest in community development.

Each professor will receive orientation regarding HUD programs, policies, and objectives early in his employment. All of the professors will again attend a two- or three-day seminar in Washington to share their observations and discuss ways to improve future programs. A dialogue with Department officials will provide suggestions for methods and programs to build stronger links with educators, administrators, and students in the academic world and raise policy questions concerning HUD programs and projects.

The 1972 Summer College Professor Program will be the first time that Title IV of the Intergovernmental Personnel Act will be used as a means of bringing talented educators to the Department on intergovernmental personnel assignments. The Inter-Governmental Personnel Relations Staff of the Office of Personnel, (202) 755-5513, or the regional personnel officers welcome inquiries from interested college and university educators.

A two-day Washington, D.C. conference gave the participants in the 1971 program an opportunity to talk with Secretary Romney in his office. He presented them with certificates in recognition of their contributions to the program, which is aimed at creating a two-way exchange of views between the academic community and the Federal Government.

Outlook for Savings, Housing, and Mortgage Finance

by
Saul B. Klamen

Dr. Klamen is Vice-President and Chief Economist of the National Association of Mutual Savings Banks and President of the National Association of Business Economists. He served on President Nixon's Task Force on Federal Credit Programs in 1968; on President Nixon's Task Force on Low-Income Housing, 1969-70; and on the Advisory Committee for the 1970 Census of Housing for the Bureau of Census, 1969-71. His housing predictions are well known in the housing field and in a HUD Challenge article he draws conclusions from year-end indicators to make predictions for the 1972 housing economy.

In recent years, major attention in housing markets has been focused on the inadequacy of credit to finance the nation's housing needs. Memories of the credit crunches of 1966 and 1969-70 are still fresh in the minds of market analysts. But the situation has changed—at least temporarily—and as we look at the immediate period ahead, the focus of our attention needs to be changed.

The fact is that money will not be a limiting factor in the 1972 housing market. If production of new housing in 1972 falls short of the 1971 record, it will be because market demand could not sustain two back-to-back two million-unit years, not because money was a limiting factor.

The ready availability of mortgage credit on favorable terms to borrowers in 1972, is predicated on a business and financial climate which includes:

- a good, though not exuberant rate of economic growth, about nine percent;
- a slowdown in inflationary pressures, with an average price advance of 3.5 percent;
- a substantial increase in consumer incomes of about 8.5 percent;
- a continued high overall savings rate, though below the exceptionally high 1971 level;
- a favorable interest rate climate in which savings accounts at mortgage-oriented thrift institutions remain competitive with open-market instruments.

These are ingredients which make for a strong flow of funds into the mortgage sector of the capital markets. The availability of funds from thrift institutions will be particularly important to the mortgage sector. In 1971, both savings and loan associations and mutual savings banks experienced exceptionally large deposit flows amounting to some $28 billion and $10 billion respectively. These combined flows were more than twice as large as in previous record years. Two key elements contributing to this extraordinary performance were the massive "reintermediation" of funds from the securities markets and the exceptionally high overall consumer savings rate.

In appraising 1972 prospects, the reintermediation factor must be considered as largely behind us. It was a one-shot phenomenon, felt mainly in the early months of 1971, when the U.S. Treasury and Federal and/or quasi-Federal agencies refinanced several billion dollars of outstanding obligations at substantially lower rates than in 1969 and 1970. As a consequence, households liquidated earlier acquisitions of such securities at an unprecedented annual rate of $50 billion (seasonally adjusted) in the first quarter of 1971, and acquired a phenomenal $98 billion (seasonally adjusted annual rate) of savings accounts.

In later months, when this switching dropped off sharply and open-market interest rates moved up, savings account growth wound down substantially to more normal levels. Competitive interest rate relationships will, of course, continue to be a key influence in the 1972 savings account market, but the major impact of reintermediation has been concluded.

This means that savings deposit growth, and hence the availability of private residential mortgage credit, will be determined in the main by the ability and willingness of consumers to save out of current incomes. Consumer incomes will be rising significantly in 1972, as already noted. I doubt, however, that the savings rate will be maintained at the recent eight percent average—the highest since the World War II years—as consumers step up their rate of spending. Still,

savings rates will continue higher than usual, say above the seven percent level, as long as consumers remain somewhat cautious in a continued relatively high unemployment environment with inflation not yet licked.

All this adds up to another strong savings deposit year, although not on the order of this year's phenomenal gain. I do not presume to be able to project precisely changes in deposit growth from changes in the overall savings rate—a statistical indicator which has obvious shortcomings both of accuracy and meaning. But the general 1972 magnitude suggested by this and other economic indicators noted is for gains of close to $8 billion in savings bank deposits and about $20 billion in savings and loan deposits.

To this $28 billion total of deposit flows must be added a volume of mortgage repayments at least as large as 1971—of about $20 billion—reflecting continued active housing markets and a generally favorable interest rate environment. This combined flow, about one-sixth below the spectacular 1971 volume, will far exceed any other year on record, and will be supplemented, of course, by other mortgage credit sources both private and public.

Factors in the Demand for Mortgage Credit

The evidence at hand indicates that housing activity, and hence demands for mortgage credit, will continue strong well into 1972. The "leading housing indicators" point to the maintenance of the recent two million unit annual starts rate at least through the first half of the year.

Outstanding residential mortgage commitments at savings banks and savings and loans have risen steadily in recent months, reaching an estimated $8.5 billion by the end of November 1971. This compares with the 1970 level of $5 billion, and is the highest volume on record for the month.

Residential building permits exceeded the two million unit level for the first time last July and have continued at around this level through October 1971. The timing relationship between permits and starts is hardly precise, but leads and lags are usually short, and current high permits generally assure high starts.

Federally subsidized housing activity, while perhaps not rising, provides a solid base for housing starts. There are likely to be some 560,000 directly subsidized units in 1971, and close to 300,000 in the first half of 1972. Beyond these indicators, which suggest what is already in the 1972 housing pipeline, a favorable economic and financial climate will keep builders confident and potential buyers interested through the latter months of 1972.

But there are problems on the horizon which suggest that effective market demand may not be large enough to sustain current high levels of output through year-end. These are basic demand factors, rather than credit supply factors as a limiting force in housing markets. The concern centers mainly in the multifamily segment of the market, and largely in the southern and western parts of the Nation.

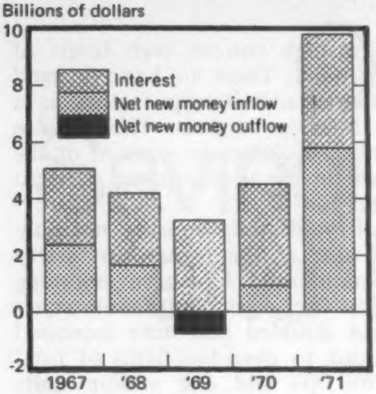
Total output of multifamily housing, not only of the rental but also of the ownership variety (co-op and condominium), has been booming recently. In the past five years, multifamily starts have far more than doubled and have increased from about one-third to over two-fifths of total starts. Between 900,000 and one million units will be started in 1971 and nearly that many completed.

Because of the relatively long lead time between the start and completion of multifamily structures, however, and because of the large number of units which come onto a market at once, developing weakness is generally not detected early enough to adjust starts promptly to market realities. Temporary overbuilding, therefore, is not uncommon while the market digests recent housing output. Evidence of some market weakness is becoming apparent in the rise in vacancies between the second and third quarters of last year. Most of this rise appears to be concentrated in new and recently completed units, mainly in the high rent districts.

Market indigestion is particularly evident in the West, where vacancy rates of over six percent are sharply higher than a year earlier, and at the highest level since 1968. Multifamily completions, at an estimated 150,000 units last year, are about twice the 1968 volume. Even so, starts have been running at a record annual rate while unemployment remains high and in-migration is virtually halted. Logic suggests, therefore, that some cutback may occur in multifamily construction next year in the West until demand catches up with the recent sharp increase in output.

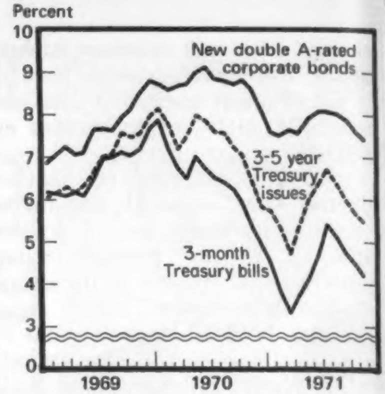
A temporarily overbuilt situation may also be developing in the South, where multifamily vacancy rates have risen to seven percent in the third quarter from 6.5 percent a year earlier. Scattered reports are also heard of temporary overbuilding of single-family units in the South, West, and other areas, but the data, at least, suggest otherwise. Sales of such units are continuing high, vacancy rates low, and inventory/sales ratios in good balance.

All things considered, there could well be a downturn in multifamily construction after midyear, which could carry total starts below the two million unit level. The influence of government is so strong, however, that the detection of a pending downturn could be reversed by stepped-up activity in the federally subsidized area. Non-market demands of low- and middle-



Savings bank deposit change

Personal saving rate



Interest rates on alternative investments

income families are far from satisfied and increased funding of key subsidy programs could well be authorized to maintain record levels of housing activity.

The Outlook for Mortgage Finance

What does all this add up to for the 1972 mortgage market? In terms of projected saving flows and housing demands, no serious problems are in sight, either with respect to credit availability or interest rate pressures. But the mortgage market does not function in a vacuum; it is an integral part of the Nation's money and capital markets, and financial pressures generated in other sectors could spill over into the mortgage market.

Let me summarize, then, my view of the general financial climate for 1972. A basic underlying assumption is that the economy's price performance will improve through the year, permitting real supply/demand credit forces to resume their key role in financial markets.

In such an environment, the following scenario may unfold:

In the short term credit sector some upward rate pressures will be generated by rising consumer and business credit demands, and particularly by heavy Treasury demands to finance a projected $30 billion deficit. Yield advances from current low levels will not carry so far, however, as to threaten the recurrence of disintermediation, and hence the availability of residential mortgage credit.

Upward pressures on the short term rate structure need not spill over into long term credit markets because the differential between short and long term rates, at around 300 basis points in recent months, is the widest since the 1930's. In fact, corporate bond yields may well decline further in the immediate months ahead—perhaps falling below the seven percent level—as bond offerings are reduced in the face of substantially improved corporate cash flow and liquidity positions. A possible turn around later in the year, accompanying the business advance, could still leave bond yields no higher than recent levels.

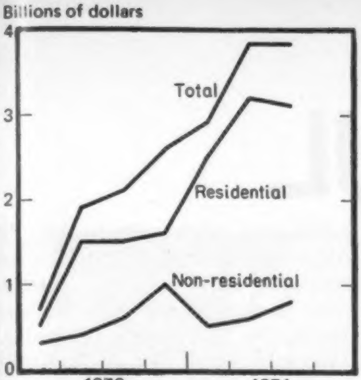
In the current environment, the posture of monetary policy will be geared towards accommodating faster economic growth and lower interest rate levels than it could prior to the establishment of the New Economic Policy. This is so because the Federal Government has been relieved from the intolerable burden of single-handedly trying to contain inflation and prevent massive dollar outflows abroad.

No Problems for the Mortgage Market

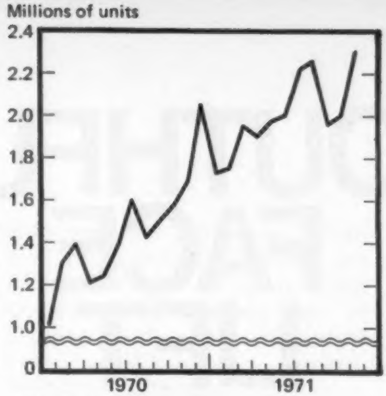
These general financial prospects pose no particular problems for the mortgage market. Overall credit demands will be comfortably accommodated by continued large flows of funds, particularly in the long term credit sector where mortgage markets function in the main.

Residential mortgage yields, like bond yields, have declined this year from exceptionally high 1970 levels, reflecting mainly the accelerated flow of funds into mortgage-oriented institutions noted earlier. Funds supplied from federally sponsored agencies actually declined in 1971. After some stiffening during the late spring and early summer, mortgage rates declined again after August 15, along with declines in other credit sectors.

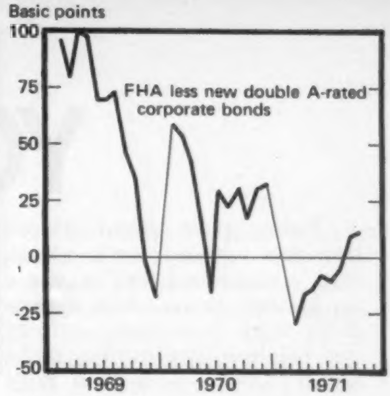
Even though demands for mortgage credit will continue large in 1972, upward pressures will be contained, as they were in 1971, by the large flow of funds, both from deposits and from mortgage repayments. At the same time, possible declines in mortgage rates will be limited by the level of bond yields. Mortgage/bond yield spreads have already been narrowed by special factors to the vanishing point, and, for a time, have actually turned inverse. Unless bond yields decline more than anticipated, therefore, mortgage rates are likely to remain relatively stable.



Residential mortgage flows by savings banks
Seasonally adjusted annual rates.



Private housing starts
Seasonally adjusted annual rates.



Mortgage and bond yields

Impact of Government Programs

An important new element tying mortgage and bond yields closer together—at least in the National FHA market—is the increasing impact of the GNMA mortgage-backed securities program. The volume of commitments issued by GNMA to guarantee such securities has exceeded $5 billion in the past two years. While still relatively small, this program is growing and provides a bridge between the mortgage and securities markets.

As the mortgage-backed securities idea spreads into conventional mortgage loan markets, as I believe it will, the tie-in between bond and mortgage yields will become even closer. One important offset here is the growing segmentation of the residential mortgage market from other capital market sectors, reflected not only in the specialized savings and loan industry, but also in the growing force of the special Federal mortgage credit agencies and the private mortgage investment trusts. Where the balance will ultimately be struck between a closing or widening of mortgage/bond yield spreads is not yet clear.

Returning to the 1972 scene, there is another important factor—basically noneconomic—which supports a forecast of narrowly moving interest rates in residential mortgage markets. In the glare of the public spotlight, with wages and prices under direct restraint, and interest rates under the threat of restraint by the Committee on Interest and Dividends, lenders will think hard before raising rates, even where justified by market forces. The President's Committee on Interest and Dividends has already announced that it will be monitoring rates closely, especially in the areas of consumer and mortgage finance. In this environment, the threat of controls is just as effective as their actual imposition, in holding the line on mortgage and other interest rates.

Actually, forecasting residential mortgage yields may soon be little more than an academic exercise, if Federal mortgage and housing participation continues to expand. Already the GNMA-sponsored tandem plan is upon us with an almost unlimited tap on Treasury funds to support non-market rate levels. The plan reflects the latest development in the Government's continued determination to maintain the illusion of lower rates than markets require. While recently reduced rate levels have lessened the impact of the plan, its reactivation always looms on the horizon.

The accelerated march toward federalization of the mortgage market, while perhaps providing some short-run support, contains a very real long-run threat to the structure of private mortgage finance. There is a danger that mortgage lending institutions will become mere appendages, subsidiaries to Federal and quasi-Federal agencies. It is the latter which take the initiative, set the policies, make the decisions. If this continues, private lenders will become mere conduits through which funds, put in motion in Washington, will be channeled to mortgage borrowers. This is not, in my judgment, the way mortgage markets will work most efficiently.

We cannot, however, return to the days when mortgage markets were the first to be squeezed dry of funds in periods of credit stringency. The private market mechanism needs to be restructured in a way which will permit financial institutions to provide a more stable flow of mortgage funds throughout the business cycle. Techniques for accomplishing this, at least in part through broadening the powers and services available to mortgage-oriented institutions have long been recommended by many scholarly observers. Such recommendations and others, permitting greater freedom from regulatory and statutory restraint, have been reaffirmed by the President's Commission on Financial Structure and Regulation. It is urgent that the legislative wheels—at both the Federal and State level—begin to turn quickly to implement the Commission's recommendations for financial reform.

YOUTHFUL FACE LIFT

Take eight disadvantaged teenagers without work experience, a vocational teacher, and a condemned house. Add a summer's work in masonry, carpentry, painting, and roofing skills. Result: youth with new skills and earning power, plus a livable, attractive house.

Take eight junior high boys, a landscape advisor, and a neighborhood full of debris and overgrowth. Add a summer of cutting, cleaning, and hauling away truckloads of debris. Result: youth with community pride, and a cleaner environment.

Take five high-spirited teenagers with sports talents, a recreation leader, and a neighborhood of restless youth. Add a summer playground program filled with organized games, crafts, and outings. Result: teenagers with new leadership skills, earnings, and healthy outlets for youthful energy.

Take six idle but energetic youths, a landscape expert, and a vacant, overgrown lot. Add a summer of cleaning, installing recreation equipment, and landscaping. Result: meaningful employment for teenagers and a new community park.

Who devised this youthful recipe for FACE-lifting communities? Prince George's County in Maryland, bordering Washington, D.C., sponsors this employment program. Part of an intensive Federally Assisted Code Enforcement effort (FACE), it is designed to upgrade homes, businesses, and public facilities in older, declining neighborhoods.

The employment of disadvantaged youth is encouraged by HUD, and 64 teenagers have participated in these Youth Opportunity Programs during the past four summers. This summer about 20 youths will participate. "We recruit from the Project areas—a tangible way for our Project to demonstrate concern for each community's welfare," says Seaton McDaniel, HUD Program Administrator.

Community Involvement

Each summer's Youth Program required county and community cooperation. Citizens help determine the need for jobs and community improvement. The Department of Licenses and Permits then plans and administers the Youth Program. Technical advice and trained staff also come from the Department of Education, the Department of Public Works, and the Recreation Department.

The Program developed under the philosophy "earn and learn." "Our key to success has been to provide meaningful work through on-the-job training and adult supervision," says Louis Gershenow, Director of Licenses and Permits. "By forming good work habits and skills now, most youth go on to better jobs later."

Demonstration Project

A six-man building team, recruited during two summers, restored two single-family homes bought by the County as a demonstration project. A vocational teacher directed teenagers in site preparation, masonry, carpentry, electrical, and plumbing skills.

Robert Simpson, Contract Advisor for the renovations, recalls, "The two homes had been posted unfit for human habitation with one having 30 code defects. Both had to be stripped bare." Inside remodeling included new windows and doors, tile floors, and plumbing. Two new bedrooms and a front porch were added to one house and aluminum siding added to the other. Rehabilitation costs averaged $11,600 for each house.

In addition to renovation and cleanup projects, the youths

Teenagers in Prince George's County, Md., learn site development and other building skills while rehabilitating a house in a declining neighborhood.

constructed a mini-park about 80 feet square. Equipped with swings, slides, and sandboxes, the park serves 50 to 75 children.

Beautification teams and their supervisors always found more work than they could handle. Each summer they cleaned an average of 30 city blocks and disposed of 23 tons of debris—12 truckloads—which helped ease the heavy workload of the Public Works Department.

Salaries ranged from $1.60 per hour for most youths to

Part of the county's Federally Assisted Code Enforcement (FACE) program, the effort has also served to employ youth for the past four summers.

$1.75 per hour for youth team leaders with leadership skills. City officials cite tangible results of this FACE-lifting in the jobs and training for disadvantaged youths, two renovated houses, a mini-park, and a cleaner environment. Less tangible but equally important is the opportunity for teenagers to view their community objectively as County employees.

Many Efforts Involved

Yet, these Youth Programs are just one of many efforts in the three Prince George's County neighborhoods selected so far for FACE Projects. In recent years these neighborhoods have been declining. Many long-time residents have left–replaced by families of relatively lower incomes and job skills. Older homes are often left in disrepair by the elderly who can seldom afford costly repairs. The younger families, as first time homeowners, often do not have the skills or money for major home repairs.

"Each three-year Project features housing inspection, enforcement, and conservation for all buildings. Owners are responsible for bringing their homes or businesses up to County Codes–and for future care," advises Lucas C. Nelson, Housing Coordinator.

Federal financial aid and contract help is offered to eligible property owners under the Code Enforcement Program. About one-third of the homeowners in a project area usually apply for Federal aid. Public improvements are a large part of the County's one-third share in the costs of each FACE Project. HUD carrys two-thirds of the cost.

Three Communities

Maryland Park's FACE Project, costing $1.8 million, calls for upgrading the 330 homes and businesses to meet county code requirements. Streets, sidewalks, water and sewer extensions, street lights, storm drains, and a park are being constructed.

The Carmody Hills Project involved an extensive 4.9 mile network of new streets, sidewalks, and storm drains costing $1.1 million, as well as a $275,000 river bed drain. The total Project cost of $2.9 million helped renew 128 of the 407 homes with Federal aid. As a bonus, private developers have started or completed over 60 homes in the $20,000 to $30,000 cost range.

After a home has been rehabilitated, it is a source of pride to the community as well as the teenagers who play a part in its improvement.

The newest FACE Project, Hillside's 1,100 buildings, calls for an overall expenditure of $4.3 million for rehabilitation of structures, site improvements, and related work. Beyond the physical FACE-lift, the Project encourages a social FACE-lift as well. Community groups are guided in conducting such self-help programs as cleanup drives and recreation. Meanwhile, Prince George's County youth, as a part of this community effort in Code Enforcement Projects have learned new skills and responsibilities.

in print

ABANDONMENT: "THE SPUTNIK OF THE SEVENTIES"

A Study of the Problems of Abandoned Housing, **Linton, Mields, & Coston, Inc. A report prepared for HUD's Office of Research and Technology, November 1971. A summary of the report will soon be available from HUD.**

Newspaper headlines scream about the hundreds of thousands of abandoned housing units, about HUD becoming one of the Nation's largest landlords, even slumlords, and about the questionable future of American cities. In a timely report prepared for HUD's Office of Research and Technology, the firm of Linton, Mields, & Coston, has attempted to define and analyze the issue of abandoned housing.

The report is a good one. Its major failing—that it does not sufficiently address the larger issue of the future of already abandoned areas—should not diminish its many contributions. Nobody has "the" answer today, and as the experts, both in and out of government, grope for solutions, this report should be a most useful guide.

It is to the authors' credit that they quickly dismiss the notion that the real problem is housing. What we face today are abandoned neighborhoods and even abandoned cities. It is also significant that they clearly state the magnitude of the problem, its complexity, and identify the major elements of the process by which entire cities are slipping into an apparent morass of irreversible poverty, crime, and hopelessness.

Begun in July 1970, before the issue qualified for daily front page attention, four cities—St. Louis, Chicago, New Orleans, and Oakland—were carefully studied. There are, according to LMC, two critical points in the abandonment process: when the owner abandons the building and when he abandons his rights to the land. It seems that, although important, these two identifiable points ignore the most crucial question in correcting the situation—discovering the point when the process begins.

The report makes it clear that we are not just talking about the normal market cycle that sees a reasonable number of old units become abandoned. The magnitude and cost are staggering. The U.S. General Accounting Office has estimated that foreclosures, just one facet of the abandonment issue, will cost $200 million each for Detroit and Philadelphia in FY 1972. And there is clear evidence that the problem is not one just of a few large cities but of a great many medium and small cities and older suburbs as well.

Realistically approaching these conditions, the report makes a number of significant points:

- The unique characteristics of the current trend in abandonment are concentration and contagion,
- racism and classism are major factors in the abandonment process,
- Federal programs are a major cause of abandonment,
- contributing to the decline of all four study areas are policies restricting financial assistance to property owners and use of the Federal income tax accelerated depreciation provisions,
- counseling is essential for all low-income residents,
- there is a glaring lack of housing management talent in the United States,
- every area of abandonment shows the absence of commercial facilities.

The report closes with a section of recommendations. There is strong support for the housing allowances, scattered-site construction, counseling programs, and the Management Training Center planned by HUD. Even more important is the opening admonition that "Any effort to deal with abandonment on a localized or ad hoc basis is doomed to failure."

The authors offer one major controversial recommendation; they suggest experimenting with a quota system for welfare recipients.

> "While we are fully aware of the problems involved in implementing such a policy and of the danger that it could become a quota system for blacks, we nevertheless feel that some means are going to have to be established to maintain a balance in the population of inner-city neighborhoods and building populations.
>
> "We are not suggesting that the number of welfare families be minimized; in fact occupancy of a substantial share of the dwelling units (perhaps 15-20 percent) by such families should be encouraged.
>
> "A policy of limiting the number of families in any one area must be made a part of an overall scheme that provides a variety of housing opportunities for these families throughout the city and metropolitan area."

The abandoned neighborhood may become the sputnik of the Seventies, since ours is a Nation that responds to visible crises. Abandoned housing, economically bombed out neighborhoods and cities cannot be hidden. They offend everyone and, unlike most factors of poverty, benefit no one.

But bleak as it appears, the problem offers a unique opportunity. It can serve as the catalyst for a total reexamination of the use of our land, the purpose of cities, the integration of services, and restoration of public confidence that are essential for the resolution of any urban problems. The LMC report offers a valuable guide to the treatment of abandonment as an opportunity rather than a disaster.

Bill Goldbeck, Special Assistant,
HUD Asst. Secretary, Research and Technology

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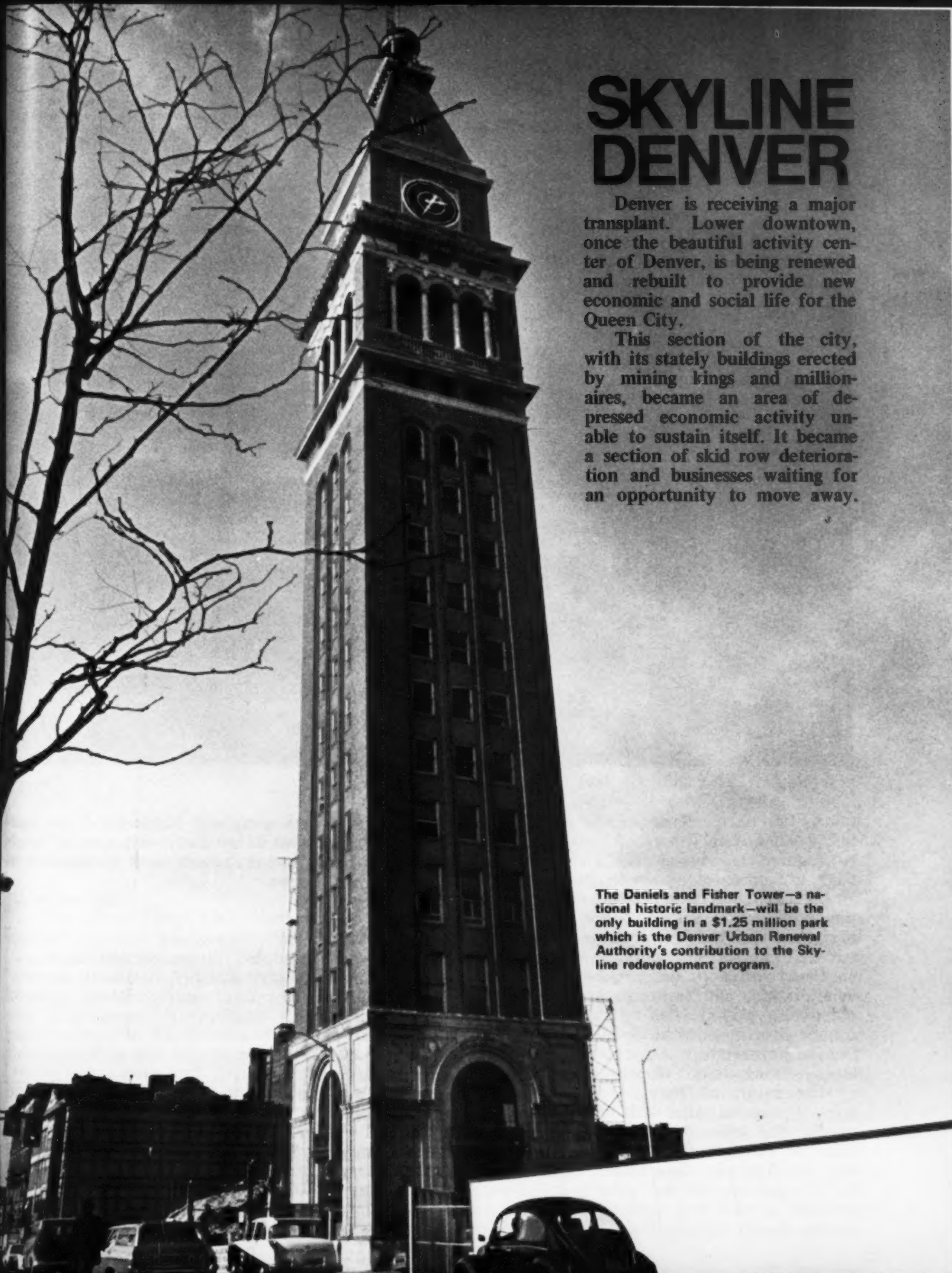
SKYLINE DENVER

Denver is receiving a major transplant. Lower downtown, once the beautiful activity center of Denver, is being renewed and rebuilt to provide new economic and social life for the Queen City.

This section of the city, with its stately buildings erected by mining kings and millionaires, became an area of depressed economic activity unable to sustain itself. It became a section of skid row deterioration and businesses waiting for an opportunity to move away.



The Daniels and Fisher Tower—a national historic landmark—will be the only building in a $1.25 million park which is the Denver Urban Renewal Authority's contribution to the Skyline redevelopment program.

As in many other cities, downtown area businessmen were concerned and by 1956 started to examine this area closely. The rapid spread of blight that occurred is illustrated by the fact that in the late 1960's essential municipal services in the lower downtown area were costing residents of Denver $200,000 more a year than the area returned in taxes.

Concerned with the structural and economic deterioration, and realizing that the area could potentially play a vital role in Denver's overall future growth, citizens formed the Downtown Denver Improvement Association to organize the business community and plan future action.

The result of their efforts was an urban renewal proposal called "Skyline Denver," encompassing 113 acres, or 27 full blocks close to the financial district, retail core, and government complex. The plan won citizen approval in 1967 by 71 percent of the total popular vote. It includes a land use plan designed to accommodate a mix of commercial, residential, hotel, and open space uses, with housing and commercial developments at a variety of economic levels to provide a comprehensive new community in downtown Denver.

HUD's Role

In 1968 HUD announced a $33.2 million grant, and the project proceeded with appraisals, acquisitions, additional design studies, transportation studies, and market analysis. Denver received non-cash credits equal to the cost of a new Convention Center, about $14.6 million including tax credits. This constituted Denver's one-third share necessary to match the Federal grant.

One of the outstanding features of Skyline Denver is the mix of housing. In five projects, over 700 units of Section 236 low- and moderate-income housing with rent supplements is either built, in construction, or in planning. Many of the units will be for the elderly. Another 116 units for middle-income persons are under development. Also being considered is a proposal for

LEFT—A model of Prudential Plaza superimposed on a photo of existing buildings in the Skyline area illustrates the amenities for pedestrians—second-level bridges over the street to adjoining developments and a 40 percent open space requirement.

BELOW—Another superimposed photo shows the D&F Tower (left) and the Park Central office and banking facility (lower right), currently under construction. A 42-story apartment building rises in the background.

385 units for middle- to upper-income apartment units and a 400-unit hotel. Estimated construction costs for these projects is $43 million.

Denver's Plan

The urban design plan developed by Denver includes a requirement of 40 percent open space on developments in the area, attractive landscaping, second-level plazas with pedestrian walkways, a new downtown park, and off-street parking requirements for people working or living within the developments. Much attention has been given to separating vehicular and pedestrian traffic.

Design criteria encourage and protect existing structures in the areas that may be economically renovated for a practical use. The Daniels and Fisher Clock Tower, built in 1910 by department store magnate Major William Cooke Daniels, as a replica of the campanile of St. Mark's in Venice, has become the symbol of Skyline. When originally completed in 1911, the Tower contained the third largest clock in the United States. Although the Tower will be part of the park, it is to be remodeled inside as office space for the newly formed, minority-owned Skyline National Bank.

Linear Park

In addition to separating pedestrian and vehicular traffic, the plan considers the needs of the people who will use Skyline. The Denver Urban Renewal Authority's (DURA) contribution in this area is a three-block-long park that will cost about $1.25 million. The only building in the park will be the historic Tower.

Lawrence Halprin and Associates of San Francisco, designers of the park, have planned it as a focal point for attracting office workers, shoppers, conventioneers, and inhabitants of the area. As the park stretches along three blocks—each with its own distinctive character—a variety of spaces, both intimate and open, are created. They are suitable for outdoor cafes, pleasant walks, sitting, and people-watching in an exciting urban setting.

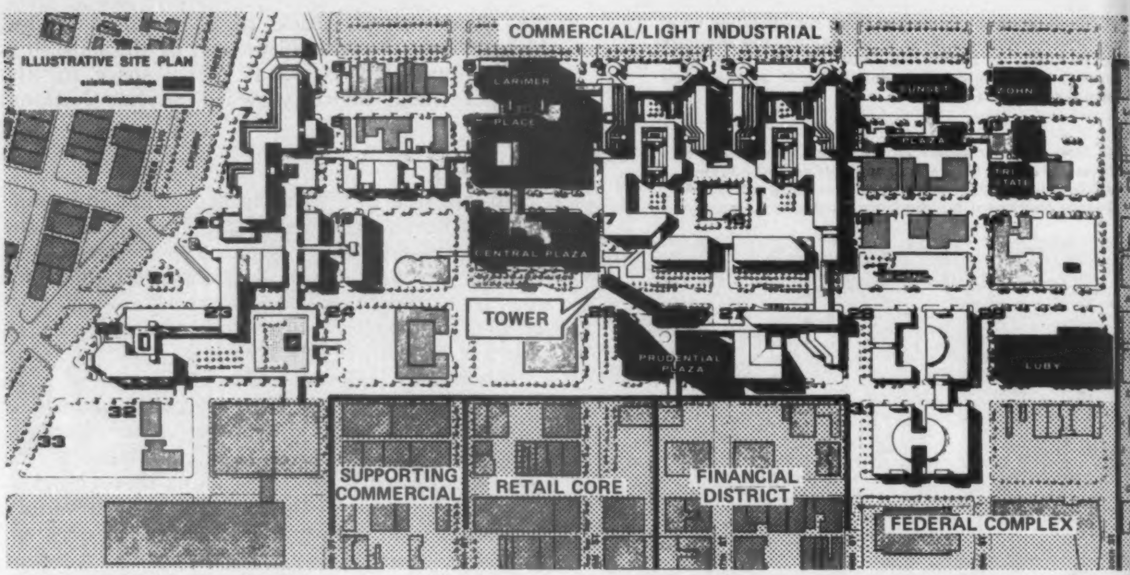
A central square will be built for such public functions as concerts, plays, fairs, art shows, and other civic and cultural events. Each of the two outer blocks will have a sunken sculptural area with a continuous series of steps, benches, and platforms. All these are designed to be used for sitting areas, each with its own individual fountain.

Development Underway

Support for part of the 100-foot-wide public park is provided by an underground parking lot that will serve Park Central, a $23 million complex of buildings developed by C.H. Leavell of El Paso, Rio Grande Industries, and the Central Bank and Trust Company. The 524,000-square-foot banking and office facility is under construction and scheduled for completion in late 1972.

One of the three major developments of the area is the Prudential Plaza, a $23 million complex of the Prudential Insurance Company and Del E. Webb Corporation. The complex, covering an entire block with a 25-story office tower and retail buildings connected at the second level, is designed to provide an unobstructed view of the Tower. The retail structures, which include space for shops, restaurants, financial institutions, and other services, is already open. Clean vertical lines, open space, and landscaping characterize the design.

Another proposed $35 million complex of buildings will provide office space for 2,800 employees by 1976 and room to expand to 3,300 employees by 1981. The Mubeta Development Company, a subsidiary of Mountain Bell, was created to develop the site. Main access to the



ABOVE—The map shows the division of the Skyline redevelopment area into commercial/light industrial, financial, retail, and Federal uses and indicates the planned developments of specific blocks already sold.

BELOW—An architect's rendering illustrates plazas and other open spaces designed for the Skyline redevelopment area.

26-story telephone building will be from a second-level plaza, linked to surrounding buildings by pedestrian walkways 20 feet above street level.

Larimer Place will be developed totally by private resources. It is scheduled to start in 1972 for completion in 1974. The one and one-half block complex will be connected by a walkway above the street. The $20 million development will contain 387 luxury apartments and a 400-room hotel enclosing the plaza.

By December 1971, about $174 million in private and Federal funds were committed to Skyline. DURA's share, from HUD, is $47.8 million—which is being used for relocation, to purchase properties, clear land, upgrade sanitary sewer networks, widen streets, and for other miscellaneous projects. Of the $126 million in private funds now committed to the area, some $57 million in construction is already started.

As of April 1972, eight of the 27 blocks in Skyline are committed. Much of the land has been cleared.

Improved Economics

Skyline's contribution to an improved economic environment will be substantial. On the basis of the 1970 mill levy, three major developments—Park Central, Larimer Place, and Prudential Plaza comprising three-and-a-half of the total 27 blocks in Skyline—will provide an estimated tax revenue to the city of $1,888,000 upon completion.

Prior to Skyline, the same three areas produced revenues of $94,000, or a ratio of about 20 to one. The three developments will represent a total investment estimated at $66 million. When it is realized that Skyline may attract a total of $250 million in new private capital, the final amount of increased tax return will be a tremendous contribution to Denver's economic health.

Supporting business and cultural activities outside the Skyline area will blend with the newly developed area to form a complete downtown Denver. To the southwest, another DURA project, Auraria, will serve as an educational and cultural center.

The DURA construction schedule calls for a nine to 10 year redevelopment program in Skyline. It is now about two years ahead of schedule and hopefully will be almost complete by the time Denver hosts the Winter Olympics in 1976.

lines & numbers

Housing Trends, 1960 to 1970

The growth in the U.S. housing inventory has outstripped population growth.

The 1970 Census of Housing reveals that the U.S. housing inventory rose 17.7% during the decade of the 1960's while population grew at a rate of 13.3%. Housing gains in the West and South approximately doubled those of the Northeast and North Central regions of the country. California led the States with an increase of 1,531,000 units and replaced New York as the State with the greatest number of housing units (6,997,000) in the country. The migration from central city to suburb was marked: a 31% increase in suburban housing units compared to a 10% rise in central city units. The increase in the housing stock in nonmetropolitan areas was influenced by the increased popularity of seasonal housing units (second homes) and trends in migratory housing.

U.S. Housing Inventory, by Metropolitan and Nonmetropolitan Location, 1970 vs. 1960

(Numbers in millions)

Location	1970	1960	Percent Change in Units	Percent Change in Population
Total Units	68.6	58.3	17.7	13.3
Metropolitan Areas	46.5	38.6	20.4	16.6
Central Cities	22.6	20.4	10.5	5.3
Suburbs	23.9	18.2	31.4	28.2
Nonmetropolitan Areas	22.1	19.7	12.4	6.5

Suburban apartments and mobile homes paced the housing growth trend.

The number of apartments in suburban portions of metropolitan areas rose 96.1% between 1960 and 1970. There is now one suburban apartment for every two city apartments. Housing experts view this development as evidence that suburban areas are becoming outer cities. The number of mobile homes increased faster, proportionately, than suburban apartments, from 767,000 units in 1960 to 1,847,000 units in 1970. This represents a 141% increase.

U.S. Housing Growth, by Metropolitan Location and by Type of Dwelling

(Numbers in millions)

Location and Type of Dwelling	1970	1960	Percent Change
U.S. Total			
Single-unit	46.9	43.8	7.1
Multi-unit	18.9	13.8	37.0
Central City			
Single-unit	11.5	11.0	4.5
Multi-unit	10.9	9.3	17.2
Suburban			
Single-unit	17.8	15.2	17.1
Multi-unit	5.2	2.7	96.1

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